

## STATEMENT OF PURPOSE

### RS19875

The purpose of this legislation is to promote economic growth, job creation and rural economic development by offering tax credits to Idaho eligible applicants that invest in:

- 1) High efficiency combined heat and power facilities
- 2) Renewable energy resource facilities
- 3) Sustainable building practice facilities

The legislation will ensure a reliable and stable statewide energy system, maintain Idaho's low cost energy supply, protect Idaho's public health, and promote the development of renewable energy resources in this state. The legislation requires a pre-certification from the Office of Energy Resources and an application to the tax commission. The amount of the credit allowable to the taxpayer shall be 25% of the certified cost of the facility and no more than \$20,000,000 million of the certified cost of a facility may be eligible for tax credits. The legislation takes effect in January of 2011 allowing ample time for rule making and has a 10 year sunset. The maximum amount of the credit to be claimed per year shall not exceed 7% of the qualified expenditure. 5% of the income tax credits each year shall be paid to the Office of Energy Resources for administration. The tax credits are transferable as per rule of the OER.

### FISCAL NOTE

\$7,150 to \$13,400 from the General Fund (\$750-\$1000 for rule publication costs, \$6400-\$9600 for part time staff at \$20 per hour for 4-6 months, \$2800 in overhead costs). Application fees and annual payments (5% of credits due annually) will cover ongoing operating/administration costs.

**Estimated Economic Impact:** The legislation is patterned after Oregon's business energy tax credit (BETC). According to ECONorthwest, an Oregon consulting firm, and a PEW study released in 2009, Oregon had seen more than \$2 billion in investments in renewable energy projects since 2007. This tax credit led to the creation of over 1600 full and part-time jobs, \$76 million in leases for ranchers and farmers in need of incremental income and over \$142 million in property taxes contributed. Although Oregon's programs are more generous and are now being down-sized, there is potential for Idaho job creation and needed state revenue utilizing this incentive model.

**Contact:**

**Name:** Representative Wendy Jaquet

**Office:**

**Phone:** (208) 332-1079